

Additional Information Required for a Single Premium Immediate Annuity (SPIA) Contract Purchased with Registered Pension Plan (RPP) Funds

The following additional information must be reviewed and this Additional Information form signed by the prospective Owner if the funds used to purchase the SPIA Contract are defined benefit RPP funds. It forms part of the Application for a Single Premium Immediate Annuity (the “application”).

IMPORTANT INFORMATION:

In order to be tax effective, a Single Premium Immediate Annuity (SPIA) purchased directly using RPP assets from a defined benefit plan must provide an annuity that is not materially different from the pension that could be provided by the RPP. Section 147.4 of the *Income Tax Act* (Canada) requires that the benefits and features of a SPIA purchased (for example, income payment amounts, indexation, bridge benefit payments, and rights of a spouse) must not be materially different from the rights of the Owner under the RPP for the annuity purchase to be treated as a non-taxable event. If it is determined that the rights under the SPIA and the RPP are materially different, the Owner of the SPIA may be subject to income tax on the full amount of SPIA single premium purchase price in the year of the SPIA purchase. This is a significant negative tax result. Note that a SPIA purchase cannot be reversed. Prospective Owners have a variety of other settlement options for RPP entitlements under applicable pension legislation.

Before proceeding with this application and the purchase of a SPIA, BMO Insurance strongly recommends that the prospective Owner seek independent tax advice regarding the proposed SPIA purchase. BMO Insurance requires that the prospective Owner release BMO Insurance and others involved with the purchase of a SPIA from any potential liability associated with the income tax consequences of the SPIA purchase.

IN ORDER TO PROCEED WITH THIS APPLICATION, THE PROSPECTIVE OWNER MUST COMPLETE THE FOLLOWING:

I understand the income tax consequences associated with the purchase of a SPIA that provides materially different rights from the rights I have under my registered pension plan. I understand and accept this risk and confirm that I wish to proceed with this application and purchase of the SPIA as indicated on Section 8 of this application. I acknowledge that I have been provided with the opportunity to seek independent tax and legal advice regarding the purchase of a SPIA and the terms of this release and acknowledge that I have either sought that advice or have waived my right to seek such advice. I hereby agree not to make any claims or other proceedings against BMO Insurance and all related corporations, and each of their respective officers, directors, employees, representatives, and agents (the “Releasees”) and I fully release each of the Releasees from any and all liabilities and demands for damages, indemnity, costs, interest, or loss of any kind or nature whatsoever however arising in any way related to the income tax consequences of the SPIA purchase contemplated by this application.

Date signed (dd/mmm/yyyy): _____

Prospective Owner’s Signature: _____

BMO Insurance will not issue a SPIA using a direct transfer of defined benefit RPP funds unless this Additional Information form is signed by the prospective Owner.